Exhibit P

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2009

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from/to

or

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report:

Commission file number 1-6439

Sony Kabushiki Kaisha
(Exact Name of Registrant as specified in its charter)

SONY CORPORATION
(Translation of Registrant's name into English)

Japan
(Jurisdiction of incorporation or organization)

7-1, KONAN 1-CHOME, MINATO-KU,
TOKYO 108-0075 JAPAN
(Address of principal executive offices)

Samuel Levenson, Senior Vice President, Investor Relations

Sony Corporation of America
550 Madison Avenue
New York, NY 10022
Telephone: 212-833-6722, Facsimile: 212-833-6938
(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares*	New York Stock Exchange
Common Stock**	New York Stock Exchange

* American Depositary Shares evidenced by American Depositary Receipts.
Each American Depositary Share represents one share of Common Stock.

** No par value per share
Not for trading, but only in connection with the listing of American Depositary Shares pursuant to the requirements of the New York Stock Exchange.

Securities registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

	Outstanding as of	
Title of Class	March 31, 2009 (Tokyo Time)	March 31, 2009 (New York Time)
Common Stock	1,003,522,077	
American Depositary Shares		118,672,923

Indicate by check mark if the registrant is a well-seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

☑ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☑ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

Cautionary Statement

Statements made in this annual report with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates and the economic conditions in Sony's markets, particularly levels of consumer spending as well as the recent worldwide crisis in the financial markets and housing sectors; (ii) exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including newly introduced platforms within the Game segment, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences (particularly in the Electronics, Game and Pictures segments, and the music business); (iv) Sony's ability and timing to recoup large-scale investments required for technology development and increasing production capacity; (v) Sony's ability to implement successfully business restructuring and transformation efforts; (vi) Sony's ability to implement successfully its hardware, software, and content integration strategy for its Electronics, Game and Pictures segments, and All Other, including the music business, and to develop and implement successful sales and distribution strategies in its Pictures segment and the music business in light of the Internet and other technological developments; (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to correctly prioritize investments (particularly in the Electronics segment); (viii) Sony's ability to maintain product quality (particularly in the Electronics and Game segments); (ix) Sony's ability to secure adequate funding to finance restructuring activities and capital investments given the current state of global capital markets; (x) the success of Sony's joint ventures and alliances; (xi) the outcome of pending legal and/or regulatory proceedings; (xii) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment; and (xiii) the impact of unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment. Risks and uncertainties also include the impact of any future events with material adverse impacts.

Important information regarding risks and uncertainties is also set forth elsewhere in this annual report, including in "Risk Factors" included in "Item 3. Key Information," "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects," "Legal Proceedings" included in "Item 8. Financial Information," Sony's consolidated financial statements referenced in "Item 8. Financial Information," and "Item 11. Quantitative and Qualitative Disclosures about Market Risk."

In this document, Sony Corporation and its consolidated subsidiaries are together referred to as "Sony." In addition, sales and operating revenue are referred to as "sales" in the narrative description except in the consolidated financial statements.

As of March 31, 2009, Sony Corporation had 1,242 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method with respect to its 85 affiliated companies.

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production plans and result in revenue shortfalls or inventory adjustments. Sony writes down the value of its inventory when the underlying parts, components or products have become obsolete, when inventory levels exceed the amount expected to be used, or when the value of the inventory is otherwise recorded at a higher value than net realizable value. In the past, for example, Sony has experienced a shortage of certain semiconductors and LCD panels, which resulted in Sony's inability to meet consumer demand for its PCs and audio visual products, as well as a surplus in certain semiconductors and LCD panels that resulted in inventory write-downs when the prices of these parts and components fell. Such revenue shortfalls or inventory adjustments have had and, if Sony is not successful in managing its inventory in the future, could have a material adverse effect on Sony's operating results.

Sony is subject to the risks of operations in different countries.

Most of Sony's activities are conducted outside of Japan, and international operations bring challenges. For example, in the Electronics and Game segments, production and procurement of products and parts in Asian countries such as China are increasing, and this creates a risk that production and shipping of products and parts could be interrupted by a natural disaster or pandemic in the region, similar to the spread of Severe Acute Respiratory Syndrome ("SARS") or a novel influenza virus. In addition, production of electronics products in China and other Asian countries increases the time necessary to supply products to Europe and the U.S., which can make it more difficult to meet changing customer demand. Further, Sony may encounter difficulty in planning and managing operations due to unfavorable political or economic factors, such as cultural and religious conflicts, non-compliance with expected business conduct, unexpected legal or regulatory changes such as foreign exchange, import or export controls, nationalization of assets or restrictions on the repatriation of returns from foreign investments and the lack of adequate infrastructure. If the effects of international political and military instability or natural disasters disrupt Sony's business operations or depress consumer confidence in those regions, Sony's operating results and financial condition may be adversely affected. In addition, as emerging markets are becoming increasingly important in its operations, Sony becomes more susceptible to the above-mentioned risks which could have an adverse impact on its operating results and financial condition.

The large-scale investment required during the development and introductory period of a new gaming platform may not be fully recovered.

Within the Game segment, developing and providing products that maintain competitiveness over an extended life-cycle require large-scale investment relating to research and development, particularly during the development and introductory period of a new platform. In the past, large-scale investment relating to capital expenditures and research and development for the development and manufacture of key components, including semiconductors supplied for PLAYSTATION®3 ("PS3"), was also recorded within the Electronics segment. Moreover, it is particularly important in the Game segment that these products are provided to consumers at competitive prices with compelling game software and online services to ensure favorable market penetration of the platform. Should the platform fail to achieve such favorable market penetration, there is a risk that this investment, or a part thereof, will not be recouped, resulting in a significant negative impact on Sony's profitability. In addition, even if the platform is ultimately successful and Sony is able to sufficiently recoup its investment, this may take longer than expected, resulting in a negative impact on Sony's profitability.

An example of a negative impact on profitability within the Game segment is PS3-related charges that in the past resulted in significant overall segment losses. These losses arose mainly from the strategic pricing of PS3 hardware at points lower than its production cost.

Sony's Game and Electronics segments are particularly sensitive to year-end holiday season demand.

Since the Game segment offers a relatively small range of hardware products (including PlayStation®2, PSP® (PlayStation®Portable), and PS3) and a significant portion of overall demand is weighted towards the year-end holiday season, factors such as changes in the competitive environment, changes in market conditions, delays in the release of highly anticipated software titles and insufficient supply of hardware during the year-end holiday season can negatively impact the financial performance of both the Game and the Electronics segments. The Electronics segment is also dependent upon year-end holiday season demand and, to a lesser extent than the Game segment, is

susceptible to weak sales as well as supply shortages that may prevent it from meeting demand for its products during this season.

The sales and profitability of Sony's Game segment depends on the penetration of its gaming platforms, which is sensitive to software line-ups, including software produced by third parties, and more recently, the expansion of online services.

In the Game segment, the penetration of gaming platforms is a significant factor driving sales and profitability, which may be affected by the ability to provide customers with sufficient software line-ups, including software produced by third parties and online services. Software line-ups and online services affect not only software sales and profitability, as in many other content businesses, but also affect the penetration of gaming platforms, which can affect hardware sales and profitability.

Sony's content businesses, including its music business, the Pictures segment and the Game segment, are subject to digital piracy and illegal downloading, which have become increasingly prevalent with the development of new technologies and the availability of broadband Internet connections.

The development and declining prices of digital technology along with the increased penetration and speed of broadband Internet connections and the availability of content in digital formats have created risks with respect to Sony's ability to protect the copyrighted content of its music business, the Pictures segment and the Game segment from digital piracy and counterfeiting. In particular, advances in software and technology that enable the duplication, transfer or downloading of digital audio and video files from the Internet and other sources without authorization from the owners of the rights to such content threaten the conventional copyright-based business model by making it easier to create, transmit, and redistribute high quality, unauthorized audio and video files. These advances include, for example, digital devices such as hard disk drive video and audio recorders, CD, DVD, and Blu-ray DiscTM recorders, file compression algorithms, and peer-to-peer digital distribution services. The availability of unauthorized content contributes to a decrease in legitimate product sales and puts pressure on the price of legitimate product sales, which could adversely affect operating results within the music business, the Pictures segment, and the Game segment. Sony has incurred and will continue to incur expenses to ensure adequate copyright protection, to develop new services for the authorized digital distribution of music, movies, television programs and video games, and to combat unauthorized digital distribution of its copyrighted content. These initiatives will increase Sony's near-term expenses and may not achieve their intended result.

Operating results for Sony's Pictures segment vary according to the cost of productions and marketing costs, consumer acceptance, timing of releases or syndication sales, and the availability of competing products and entertainment alternatives.

Operating results for motion picture releases and television productions within the Pictures segment can materially fluctuate depending primarily upon the cost of such productions, marketing costs, and consumer acceptance of such productions, each of which is difficult to predict, as well as the timing of new motion picture releases and the syndication of television productions. In addition, the commercial success of Sony's Pictures segment's motion picture and television productions depends upon consumer acceptance of other competing products released at or near the same time, and the availability of alternative forms of entertainment and leisure activities, including many new options such as social networking sites, that have been enabled by technological advancements. Given the limited number of motion pictures released during any period, the underperformance of an "event" or "tent-pole" motion picture that generally has higher production and marketing costs than other films can have an adverse impact on operating results of Sony's Pictures segment.

Operating results of Sony's Pictures segment may be adversely affected by changes in advertising markets, or by the failure to renew, or renewal on less favorable terms of carriage contracts.

The Pictures segment's television operations, including its global channel network, derives a significant portion of its revenues from the sale of advertising. A decline of the advertising market due to the global economic downturn could have an adverse impact on the operating results of Sony's Pictures segment. The Pictures segment also earns revenues from the licensing of its image-based software, including its motion picture and television

examination of the merger, the Commission rendered a second clearance decision reaffirming the conclusion reached in 2004 that the transaction raised no competition concerns. On June 16, 2008 Impala announced it had filed an appeal of that second clearance decision to the CFI and then SCA filed an application to intervene in that appeal. On July 10, 2008, the ECJ rendered judgment on the 2006 appeal of SCA and Bertelsmann, setting aside the CFI's annulment of the original clearance decision and referring the case back to the CFI for further consideration. On September 26, 2008, the CFI stayed Impala's 2008 appeal of the second clearance decision pending a final ruling by the CFI on the original clearance decision. As of October 1, 2008 SONY BMG became a wholly-owned subsidiary of Sony and was renamed Sony Music Entertainment as of January 1, 2009. On February 10, 2009, Impala informed the CFI that Impala believed that the Commission's approval of Sony's acquisition of sole control, which Impala noted was final and not appealable, made their original appeal devoid of purpose. The Commission subsequently agreed with Impala's view in this regard. The CFI is not bound by the parties' view in this regard and is currently deliberating whether the appeal proceedings as to the original clearance decision should proceed or should be terminated. In the event the CFI (and upon a further appeal, the ECJ) were to annul both the Commission's original clearance decision in 2004 and the Commission's second clearance decision in 2007, and if the Commission subsequently, following a further investigation, reversed the position it had taken in 2004 and 2007, the previously combined company could be forced to unwind the merger in whole or in part. In such circumstance, Sony might incur significant costs and might not be able to achieve its objectives with respect to its recorded music business.

Sony may not be successful in implementing its hardware, software and content integration strategy.

Sony believes that utilizing broadband networks to facilitate the integration of hardware, software and content is essential for differentiating itself in the marketplace. Sony also believes that this strategy will eventually lead to consistent revenue streams. However, this strategy depends on the development (both inside and outside of Sony) of certain network technologies, coordination among Sony's various business units, and the standardization of technological and interface specifications across business units and within industries. If Sony is not successful in implementing this strategy, it could adversely affect Sony's reputation, competitiveness and profitability.

Sony's online activities are subject to laws and regulations that can increase the costs of operations or limit its activities.

Sony engages in a wide array of online activities, including entertainment network services, financial services, and sales and marketing of electronics products, and is thus subject to a broad range of related laws and regulations including, for example, those relating to such issues as privacy, consumer protection, data retention and data protection, content regulation, defamation, age verification and other online child protections, the installation of "cookies" (software that allows website providers to target online audiences and track their performance metrics) or other software on the end-user's computer or other devices, pricing, advertising to both children and adults, taxation, copyright and trademark, promotions, and billing. The application of such laws and regulations created to address online activities, and those passed prior to the popular use of the Internet that may be applied to online activities, varies among jurisdictions, may be unclear or unsettled in many instances, and is subject to change. Sony could incur substantial costs necessary to comply with these laws and regulations and could incur substantial penalties, other liabilities, or damage to its reputation if it fails to comply with them. Compliance with these laws and regulations also could cause Sony to change or limit its online activities in a manner that could adversely affect operating results. In addition, Sony's failure to anticipate changes to relevant laws and regulations, changes in laws that provide protections that Sony relies on in conducting its online activities, or judicial interpretations narrowing such protections, may subject Sony to greater risk of liability, increase the costs of compliance, or limit Sony's ability to engage in certain online activities.

Sony's Financial Services segment operates in highly regulated industries, and new rules, regulations and regulatory initiatives by government authorities could adversely affect the flexibility and profitability of its business operation.

Sony's Financial Services segment operates in industries subject to comprehensive regulation and supervision, including the Japanese insurance and banking industries. Future developments or changes in laws, regulations, or

Sony is subject to environmental and occupational health and safety regulations that can increase the costs of operations or limit its activities.

Sony is subject to a broad range of environmental and occupational health and safety laws and regulations, including laws and regulations relating to air pollution, water pollution, the management, elimination or reduction of the use of hazardous substances, decreases in the level of standby power of certain products, waste management, recycling of products, batteries and packaging materials, site remediation and worker and consumer health and safety. These regulations or the application of these regulations could become more stringent or additional regulations could be adopted in the future, which could cause Sony to incur additional compliance costs or limit Sony's activities. Further, a failure to comply with applicable environmental or health and safety laws could result in fines, penalties, legal judgments or other costs or remediation obligations. Such a finding of noncompliance could also injure Sony's reputation. Such events could adversely affect Sony's financial performance.

Sony monitors and evaluates new environmental and health and safety requirements that may affect its operations. For example, Sony has established an internal risk management system in response to two directives enacted by the EU: The Restriction of Hazardous Substances Directive ("RoHS") and the Waste Electrical and Electronic Equipment Directive ("WEEE"). Similar regulations are being formulated in other parts of the world, including China. Sony may incur substantial costs in complying with other similar programs that might be enacted outside Europe in the future. Furthermore, Sony has been developing a risk management system to comply with the EU's Registration, Evaluation, Authorization and Restriction of Chemicals program ("REACH"). Going forward, Sony will continue to evaluate the potential impact of these regulations, including whether REACH could directly or indirectly increase its costs or restrict Sony's activities, which could have an adverse impact on Sony's operating results and financial condition.

In addition, Sony sees issues related to climate change as a potential risk if Sony does not respond or undertake environmental activities appropriately. Sony recognizes that climate change issues could possibly lead to an increase in or additional costs due to new regulations or governmental policies including carbon disclosure, green house gas emission reduction, carbon taxes and energy efficiency for electronics products. A regulation for cargo owners to exert efforts to rationally control energy consumption and CO_2 emission from their logistics has already been introduced in Japan, and other countries may introduce similar regulations in the near future. In addition, in the event that Sony is unable to respond appropriately to consumers' growing concern for climate change issues, there is a risk that Sony's reputation could be harmed and that consumers may choose to purchase products from other companies.

American Depositary Shareholders have fewer rights than shareholders and may not be able to enforce judgments based on U.S. securities laws.

The rights of shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining Sony's accounting books and records, and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the American Depositary Shares ("ADSs"), only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs in accordance with the instructions of ADS holders and will pay the dividends and distributions collected from Sony. However, ADS holders will not be able to bring a derivative action, examine Sony's accounting books and records, or exercise appraisal rights through the depositary.

Sony Corporation is incorporated in Japan with limited liability. A majority of Sony's directors and corporate executive officers are non U.S. residents, and a substantial portion of the assets of Sony Corporation and the assets of Sony's directors and corporate executive officers are located outside the U.S. As a result, it may be more difficult for investors to enforce against Sony Corporation or such persons mentioned above judgments obtained in U.S. courts predicated upon civil liability provisions of the federal and state securities laws of the U.S. or similar judgments obtained in other courts outside Japan. There is doubt as to the enforceability in Japanese courts, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal and state securities laws of the U.S.

Item 4. *Information on the Company*

History and Development of the Company

Sony Corporation was established in Japan in May 1946 as Tokyo Tsushin Kogyo Kabushiki Kaisha, a joint stock company (*Kabushiki Kaisha*) under Japanese law. In January 1958, it changed its name to Sony Kabushiki Kaisha ("Sony Corporation" in English).

In December 1958, Sony Corporation was listed on the Tokyo Stock Exchange (the "TSE"). In June 1961, Sony Corporation issued American Depositary Receipts ("ADRs") in the U.S.

In March 1968, Sony Corporation established CBS/Sony Records Inc. in Japan, currently Sony Music Entertainment (Japan) Inc. ("SMEJ"), as a 50-50 joint venture company between Sony Corporation and CBS Inc. in the U.S. In January 1988, SMEJ became a wholly-owned subsidiary of Sony Corporation. In November 1991, SMEJ was listed on the Second Section of the TSE.

In September 1970, Sony Corporation was listed on the New York Stock Exchange (the "NYSE").

In August 1979, Sony Corporation established Sony Prudential Life Insurance Co., Ltd. in Japan, currently Sony Life Insurance Co., Ltd. ("Sony Life"), as a 50-50 joint venture company between Sony Corporation and The Prudential Insurance Company of America. In March 1996, Sony Life became a wholly-owned subsidiary of Sony Corporation, and in April 2004, with the establishment of Sony Financial Holdings Inc. ("SFH"), Sony Life became a wholly-owned subsidiary of SFH.

In July 1984, Sony Magnescale Inc., a subsidiary of Sony Corporation and currently Sony Precision Technology Inc., was listed on the Second Section of the TSE. In July 1987, Sony Chemicals Corporation, a subsidiary of Sony Corporation, was listed on the Second Section of the TSE.

In January 1988, Sony Corporation acquired CBS Records Inc., a music business division of CBS Inc. in the U.S. In January 1991, CBS Records Inc. changed its name to Sony Music Entertainment Inc. ("SMEI"). In November 1989, Sony Corporation acquired Columbia Pictures Entertainment, Inc. in the U.S. In August 1991, Columbia Pictures Entertainment, Inc. changed its name to Sony Pictures Entertainment Inc. ("SPE").

In November 1993, Sony established Sony Computer Entertainment Inc. ("SCEI") in Japan.

In January 2000, acquisition transactions by way of exchanges of stock were completed such that SMEJ, Sony Chemicals Corporation (currently Sony Chemical & Information Device Corporation), and Sony Precision Technology Inc. (currently Sony Manufacturing Systems Corporation) became wholly-owned subsidiaries of Sony Corporation.

In June 2001, Sony Corporation issued shares of subsidiary tracking stock in Japan, the economic value of which was intended to be linked to the economic value of Sony Communication Network Corporation, which was renamed So-net Entertainment Corporation ("So-net") in October 2006. All shares of the subsidiary tracking stock were terminated and converted to shares of Sony's common stock in December 2005. So-net was listed on the Mother's market of the TSE in December 2005 (and has been traded on the First Section of the TSE since January 2008). Sony Corporation continues to hold a majority of the shares of So-net.

In October 2001, Sony Ericsson Mobile Communications AB, a 50-50 joint venture company between Sony Corporation and Telefonaktiebolaget LM Ericsson of Sweden, was established.

In October 2002, Aiwa Co., Ltd. ("Aiwa") became a wholly-owned subsidiary of Sony Corporation. In December 2002, Aiwa was merged into Sony Corporation.

In June 2003, Sony Corporation adopted the "Company with Committees" system in line with the revised Japanese Commercial Code. (Refer to "Board Practices" in "Item 6. *Directors, Senior Management and Employees.*")

In April 2004, Sony Corporation established SFH in Japan. Sony Life, Sony Assurance Inc. ("Sony Assurance"), and Sony Bank Inc. ("Sony Bank") became subsidiaries of SFH.

Other:

"Other" includes sales to outside customers, such as sales of CD, DVD, Blu-ray Disc manufacturing and physical distribution businesses, mobile phones produced for wireless customers by Sony EMCS Corporation ("Sony EMCS"), and products and services that are not included in the above categories.

Game

SCEI develops, produces, markets and distributes PlayStation®2 ("PS2"), PSP® (PlayStation®Portable) ("PSP") and PLAYSTATION®3 ("PS3") hardware and related software. Sony Computer Entertainment America Inc. ("SCEA") and Sony Computer Entertainment Europe Ltd. ("SCEE") market and distribute PS2, PSP and PS3 hardware, and develop, produce, market and distribute related software in the U.S. and Europe. SCEI, SCEA and SCEE enter into licenses with third-party software developers.

Pictures

Global operations in the Pictures segment encompass motion picture production and distribution; television production and distribution; digital content creation and distribution; worldwide channel investments; home entertainment acquisition and distribution; operation of studio facilities; development of new entertainment products, services and technologies; and distribution of filmed entertainment in more than 130 countries.

SPE's motion picture arm, the Columbia TriStar Motion Picture Group, includes SPE's principal motion picture production organizations, Columbia Pictures, TriStar Pictures, Screen Gems, Sony Pictures Classics, and the International Motion Picture Production Group.

Sony Pictures Television ("SPT") develops and produces television programming for broadcast, cable and first-run syndication, including scripted series, unscripted "reality" or "light entertainment," daytime serials, games shows, animated series, made for television movies and miniseries and other programming. SPT also produces content for the Internet and mobile devices and operates Crackle, a premium video website. Internationally, SPT produces local language programming in key markets around the world, some of which are co-produced with local partners, and sells SPE-owned formats in approximately 70 countries. SPT also owns and operates a global channel network with 114 channel feeds, which are available in more than 130 countries worldwide.

Sony Pictures Home Entertainment produces and distributes SPE's home entertainment products (DVD and Blu-ray Disc) and, together with Sony Pictures Worldwide Acquisitions Group, acquires or licenses third party product for distribution in the home entertainment market as well as other distribution windows. Sony Pictures Digital Production operates Sony Pictures Imageworks, a digital effects studio, and Sony Pictures Animation, a developer and producer of computer graphic animated films. SPE also manages a studio facility, Sony Pictures Studios, which includes post production facilities, at SPE's world headquarters in Culver City, California.

Financial Services

In the Financial Services segment, on April 1, 2004 Sony established a wholly-owned subsidiary, SFH, a holding company for Sony Life, Sony Assurance and Sony Bank, with the aim of integrating various financial services including insurance and savings and loans, and offering individual customers high value-added products and high-quality services. On October 11, 2007, in conjunction with the global initial public offering of shares of SFH, the shares of SFH were listed for trading on the First Section of the TSE. Following this global offering, SFH remains a consolidated subsidiary with Sony Corporation as the majority shareholder.

Sony conducts insurance and banking operations primarily through Sony Life, a Japanese life insurance company, Sony Assurance, a Japanese non-life insurance company, and Sony Bank, a Japanese Internet-based bank, which are all wholly-owned by SFH. Aside from SFH, Sony is also engaged in a leasing and credit financing business in Japan through Sony Finance International Inc., a wholly-owned subsidiary of Sony Corporation.

All Other

On October 1, 2008, Sony acquired Bertelsmann's 50 percent equity interest in SONY BMG, for cash consideration of 900 million U.S. dollars and transaction costs of 19 million U.S. dollars. SONY BMG was a 50-50 joint venture between Sony and Bertelsmann created in August 2004. Prior to this acquisition, Sony's 50 percent equity interest was accounted for under the equity method of accounting. As a result of the acquisition, SONY BMG became a wholly-owned subsidiary of Sony. The results of SONY BMG were consolidated by Sony within All Other beginning October 1, 2008. SONY BMG changed its name to SME on January 1, 2009.

All Other is mainly comprised of SME, a global entertainment company, excluding Japan, engaged primarily in the development, production and distribution of recorded music in all commercial formats and genres; SMEJ, a Japanese domestic recorded music business that produces recorded music and music videos through contacts with many artists in all music genres; a U.S. based music publishing business that owns and acquires rights to musical compositions, exploiting and marketing these compositions and receiving royalties or fees for their use; So-net, an Internet-related service business subsidiary operating mainly in Japan; and an advertising agency business in Japan.

Sales and Distribution

The following table shows Sony's sales in each of its major markets for the periods indicated. Figures in parentheses indicate the percentage contribution of each region to total worldwide sales and operating revenue.

	Fiscal Year Ended March 31					
	2007		2008		**2009**	
			(Yen in millions)			
Japan	2,127,841	(25.6)	2,056,374	(23.2)	**1,873,219**	**(24.2)**
United States	2,232,453	(26.9)	2,221,862	(25.1)	**1,827,812**	**(23.6)**
Europe	2,037,658	(24.6)	2,328,233	(26.2)	**1,987,692**	**(25.7)**
Other Areas	1,897,743	(22.9)	2,264,945	(25.5)	**2,041,270**	**(26.5)**
Sales and operating revenue	8,295,695	(100.0)	8,871,414	(100.0)	**7,729,993**	**(100.0)**

Electronics

Sony's electronics products and services are marketed throughout the world under the trademark "Sony," which has been registered in approximately 200 countries and territories.

In most cases, sales of Sony's electronics products are made to sales subsidiaries of Sony Corporation located in or responsible for sales in the countries and territories where Sony's products and services are marketed. These subsidiaries then sell those products to unaffiliated local distributors and dealers or through direct sales via the Internet. In some regions, sales of certain products and services are made directly to local distributors by Sony Corporation.

Sales in the Electronics segment are particularly seasonal and also vary significantly with the timing of new product introductions and economic conditions of each country. Sales for the third quarter ending December 31 of each fiscal year are generally higher than other quarters of the same fiscal year due to demand in the year-end holiday season.

Japan:

Sony Marketing (Japan) Inc. markets consumer electronics products through retailers and also markets professional electronics products and services. For electronic components, Sony sells products directly to wholesalers and manufacturers.

United States:

Sony markets its electronics products and services through Sony Electronics Inc. and other wholly-owned subsidiaries in the U.S.

Europe:

In Europe, Sony's electronics products and services are marketed through sales subsidiaries including Sony United Kingdom Limited, Sony France S.A., Sony Deutschland G.m.b.H., ZAO Sony Electronics in Russia, and Sony Espana S.A.

Other Areas:

In overseas areas other than the U.S. and Europe, Sony's electronics products and services are marketed through sales subsidiaries including Sony (China) Limited, Sony Corporation of Hong Kong Limited, Sony Gulf FZE in the United Arab Emirates, Sony Taiwan Limited, and Sony of Canada Limited.

Game

SCEI, SCEA, SCEE and subsidiaries in Asia, market and distribute PS2, PSP and PS3 entertainment hardware and related software.

Sales in the Game segment are dependent on the timing of the introduction of attractive software and a significant portion of overall demand is weighted towards the year-end holiday season.

Pictures

SPE, with global operations in more than 130 countries, generally retains all rights relating to the worldwide distribution of its internally produced motion pictures, including rights for theatrical exhibition, home entertainment distribution, pay and free television exhibition and other markets. SPE also acquires distribution rights to motion pictures produced by other companies and jointly produces films with other studios or production companies. These rights may be limited to particular geographic regions, specific forms of media or periods of time. SPE uses its own distribution service business, Sony Pictures Releasing, for the U.S. theatrical release of its films and for the theatrical release of films acquired from and produced by others.

Outside the U.S., SPE generally distributes and markets its films through one of its Sony Pictures Releasing International subsidiaries. In certain countries, however, SPE has joint distribution arrangements with other studios or arrangements with independent local distributors.

SPE's theatrical release strategy focuses on offering a diverse slate of films with a mix of genres, talent and budgets. For the fiscal year ending March 31, 2010, 43 films are currently slated for release by SPE, including ten films under the Columbia banner, nine films under the Screen Gems or TriStar banner, one Sony Pictures Animation film and 23 Sony Pictures Classics releases. SPE has a motion picture library of more than 3,500 feature films, including 12 that have won the Best Picture Academy Award®. Currently, SPE is converting this library (including acquired product) to a digital format and approximately 2,700 titles have been converted.

The worldwide home entertainment distribution of SPE's motion pictures and television programming (and programming acquired or licensed from others) is handled through Sony Pictures Home Entertainment, except in certain countries where SPE has joint distribution arrangements with other studios or arrangements with independent local distributors. Product is distributed on DVD and Blu-ray formats.

The worldwide television distribution of SPE's motion pictures and television programming (and programming acquired or licensed from others) is handled through SPT. SPE's library of television programming and motion pictures is licensed to affiliated and independent stations and broadcasters in the U.S. and to affiliated and independent international television stations and other broadcasters throughout the world. SPE's global channel network generates advertising and subscription revenues.

Financial Services

Sony Life conducts its life insurance business primarily in Japan. Sony Life's core business is providing death protection and other insurance products to individuals, primarily through a consulting-based sales approach utilizing its experienced team of Lifeplanner® sales employees and Partner independent sales agents. Sony Life provides tailor-made life insurance products that are optimized for each customer. As of March 31, 2009, Sony

Government Regulations

Sony's business activities are subject to various governmental regulations in the different countries in which it operates, including regulations relating to various business/investment approvals, trade affairs including customs, import and export control, competition and antitrust, anti-bribery, advertising and promotion, intellectual property, broadcasting, consumer and business taxation, foreign exchange controls, personal information protection, product safety, labor, occupational health, and environmental and recycling requirements.

In Japan, Sony's insurance businesses are subject to the Insurance Business Act and approvals and oversight from the Financial Services Agency ("FSA"). The Insurance Business Act specifies the types of businesses insurance companies may engage in, imposes limits on the types and amounts of investments that can be made and requires insurance companies to maintain specified reserves and a minimum solvency margin ratio. Particularly, life insurance companies must maintain a premium reserve (other than unearned premiums), an unearned premium reserve, a reserve for refunds with respect to certain insurance contracts of life insurance companies specified in such regulations, and a contingency reserve in amounts no lower than the amounts of the "standard policy reserve" for which the method of provision was set forth by the regulatory guidelines. Non-life insurance companies are also similarly required to provide a policy reserve. The primary purpose of the Insurance Business Act and related regulations is to protect policyholders, not shareholders. Sony Bank is also subject to regulation by the FSA under the Banking Act of Japan, including the requirement that it maintain a minimum capital adequacy ratio in accordance with capital adequacy guidelines adopted by the FSA based on the Basel II agreement. The FSA has broad regulatory powers over insurance and banking businesses in Japan, including the authority to grant or revoke operating licenses and to request information and conduct onsite inspections of books and records. In addition, Sony's telecommunication businesses in Japan are subject to approvals and oversight from the Ministry of Internal Affairs and Communications, under its Telecommunication Business Act and other regulations related to the Internet businesses and communication methods in Japan.

Also refer to "Risk Factors" in "Item 3. Key Information."

Organizational Structure

The following table sets forth the significant subsidiaries owned, directly or indirectly, by Sony Corporation.

Name of company	Country of incorporation	(As of March 31, 2009) Percentage owned
Sony EMCS Corporation	Japan	100.0
Sony Semiconductor Kyushu Corporation	Japan	100.0
Sony Marketing (Japan) Inc.	Japan	100.0
Sony Computer Entertainment Inc.	Japan	100.0
Sony Music Entertainment (Japan) Inc.	Japan	100.0
Sony Financial Holdings Inc.	Japan	60.0
Sony Life Insurance Co., Ltd.	Japan	100.0
Sony Americas Holding Inc.	U.S.A.	100.0
Sony Corporation of America	U.S.A.	100.0
Sony Electronics Inc.	U.S.A.	100.0
Sony DADC Austria A.G.	Austria	100.0
Sony Computer Entertainment America Inc.	U.S.A.	100.0
Sony Pictures Entertainment Inc.	U.S.A.	100.0
Sony Europe G.m.b.H	Germany	100.0
Sony United Kingdom Ltd.	U.K.	100.0
Sony Computer Entertainment Europe Ltd.	U.K.	100.0
Sony Global Treasury Services Plc	U.K.	100.0
Sony Electronics Asia Pacific Pte. Ltd.	Singapore	100.0
Sony Music Entertainment	U.S.A.	100.0

Operating Performance

	Fiscal Year Ended March 31		
	2008	**2009**	**Percent change**
	(Yen in billions)		
Sales and operating revenue	8,871.4	**7,730.0**	–12.9%
Equity in net income (loss) of affiliated companies	100.8	**(25.1)**	—
Operating income (loss)	475.3	**(227.8)**	—
Income (loss) before income taxes and minority interest	567.1	**(175.0)**	—
Net income (loss)	369.4	**(98.9)**	—

Sales

Sales for the fiscal year ended March 31, 2009 decreased by 1,141.4 billion yen, or 12.9 percent, to 7,730.0 billion yen compared with the previous fiscal year. A further breakdown of sales figures is presented under "Operating Performance by Business Segment" below.

"Sales" in the analysis of the ratio of cost of sales to sales and the ratio of selling, general and administrative expenses to sales, refers only to the "net sales" and "other operating revenue" portions of consolidated sales and operating revenue (which excludes financial service revenue). This is because "Financial Service expenses" are recorded separately from cost of sales and selling, general and administrative expenses in the consolidated financial statements. The calculations of all ratios below that pertain to business segments include intersegment transactions.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales for the fiscal year ended March 31, 2009 decreased by 629.5 billion yen, or 10.0 percent, to 5,660.5 billion yen compared with the previous fiscal year, and increased from 75.6 percent to 78.5 percent as a percentage of sales. The cost of sales ratio increased from 77.9 percent to 83.5 percent in the Electronics segment, decreased from 93.9 percent to 87.7 percent in the Game segment, and increased from 58.6 percent to 58.8 percent in the Pictures segment compared with the prior fiscal year.

In the Electronics segment, there was deterioration in the cost of sales ratio for several products, in particular LCD televisions, PCs and compact digital cameras. The cost of sales ratio in the Game segment improved as a result of PS3 hardware cost reductions and increased sales of PS3 software.

Research and development costs (all research and development costs are included within cost of sales) for the fiscal year ended March 31, 2009 decreased by 23.3 billion yen to 497.3 billion yen compared with the previous fiscal year. The ratio of research and development costs to sales was 6.9 percent compared to 6.3 percent in the previous fiscal year.

Selling, general and administrative expenses for the fiscal year ended March 31, 2009 decreased by 28.4 billion yen, or 1.7 percent, to 1,686.0 billion yen compared with the previous fiscal year. The overall ratio of selling, general and administrative expenses to sales increased from 20.6 percent in the previous fiscal year to 23.4 percent, 16.2 percent to 18.6 percent in the Electronics segment, from 15.8 percent to 17.8 percent in the Games segment and from 35.1 percent to 38.1 percent in the Pictures segment.

Personnel-related costs in selling, general and administrative expenses increased by 32.5 billion yen compared with the previous fiscal year mainly due to an increase in restructuring charges within the Electronics segment. Overall advertising and publicity expenses for the fiscal year decreased by 32.3 billion yen compared with the previous fiscal year due to the impact of the appreciation of the yen and a decrease in advertising and publicity expenses mainly in the Game segment.

Loss on sale, disposal or impairment of assets, net was 38.3 billion yen, compared with a 37.8 billion yen gain on sale, disposal or impairment of assets, net in the previous fiscal year. This loss was primarily the result of impairment charges including long-lived asset impairments mainly as a result of downsizing and withdrawal from

Manufacturing by Geographic Area

Slightly lower than 50 percent of the Electronics segment's total annual production during the fiscal year ended March 31, 2009 took place in Japan, including the production of compact digital cameras, home-use video cameras, LCD televisions, PCs, semiconductors and components including batteries and Memory Sticks. Approximately 60 percent of the annual production in Japan was destined for other regions. China accounted for slightly more than 15 percent of total annual production, approximately 70 percent of which was destined for other regions. Asia, excluding Japan and China, accounted for slightly more than 10 percent of total annual production, with approximately 50 percent destined for the U.S., Europe, Japan and China. The Americas and Europe together accounted for the remaining balance of approximately 25 percent of total annual production, most of which was destined for local sale.

Game

Sales for the fiscal year ended March 31, 2009 decreased by 231.1 billion yen, or 18.0 percent, to 1,053.1 billion yen compared with the previous fiscal year. Operating loss decreased by 66.1 billion yen to 58.5 billion yen for the fiscal year ended March 31, 2009.

Overall hardware sales decreased compared with the previous fiscal year, mainly due to the impact of the appreciation of the yen against the U.S. dollar and the euro, as well as a decrease in unit sales of PS2. Despite an increase in PS3 software sales, overall software sales decreased as a result of the impact of the appreciation of the yen against the U.S. dollar and the euro, as well as a decrease in PS2 software sales.

Total worldwide unit sales of hardware and software for the fiscal year ended March 31, 2009 were as follows:

Worldwide hardware unit sales (increase/decrease compared to the prior fiscal year):

→ PS2: 7.91 million units (a decrease of 5.75 million units)
→ PSP: 14.11 million units (an increase of 0.30 million units)
→ PS3: 10.06 million units (an increase of 0.94 million units)

Worldwide software unit sales (increase/decrease compared to the prior fiscal year):*

→ PS2: 83.5. million units (a decrease of 70.5 million units)
→ PSP: 50.3 million units (a decrease of 5.2 million units)
→ PS3: 103.7 million units (an increase of 45.8 million units)

* Including those both from Sony and third parties under Sony licenses.

The operating loss decreased significantly compared with the previous fiscal year. The decrease in the operating loss in the current fiscal year was due to an improvement in the operating performance of the PS3 business as a result of hardware cost reductions and increased software sales despite the impact of the decrease in sales in the PS2 business.

Pictures

Sales for the fiscal year ended March 31, 2009 decreased by 140.4 billion yen, or 16.4 percent, to 717.5 billion yen compared to the previous fiscal year. Operating income decreased by 28.6 billion yen, or 48.9 percent, to 29.9 billion yen and the operating margin decreased from 6.8 percent to 4.2 percent. The results in the Pictures segment consist of the results of Sony Pictures Entertainment Inc. ("SPE"), a U.S.-based subsidiary.

On a U.S. dollar basis, sales for the current fiscal year in the Pictures segment decreased by approximately 360.7 million U.S. dollars (approximately 5 percent) and operating income decreased by approximately 234.0 million U.S. dollars (approximately 43 percent). Motion pictures revenues decreased primarily due to lower home entertainment revenues of new release and catalog product. This decrease was due to an accelerated contraction in the market, brought on principally by the global economic downturn, as well as fewer films being sold into the home entertainment market in the current fiscal year. The decrease in motion picture sales was partially offset by higher theatrical revenues driven by the current year's successful film slate, which included *Hancock, Quantum of Solace*

Operating Results for the Fiscal Year Ended March 31, 2008 compared with the Fiscal Year Ended March 31, 2007

Overview

Sony's sales for the fiscal year ended March 31, 2008 increased 6.9 percent compared with the previous fiscal year. Sales within the Electronics segment and the Game segment increased while sales for the Pictures segment and revenue for the Financial Services segment decreased. In the Electronics segment, while there was a decline in sales of such products as LCD rear-projection televisions, sales to outside customers increased 9.0 percent compared with the previous fiscal year mainly due to an increase in sales of LCD televisions, PCs and compact digital cameras. Sales within the Game segment increased 26.3 percent compared to the previous fiscal year primarily as a result of a significant increase in sales of PS3. In the Pictures segment, sales decreased 11.2 percent compared to the previous fiscal year as motion picture sales decreased primarily due to fewer films being released during the fiscal year ended March 31, 2008. Revenues decreased 10.5 percent within the Financial Services segment primarily due to net losses from investments in the separate account and the deterioration in net valuation gains from convertible bonds in the general account reflecting a significant decline in the Japanese stock market partially offset by an increase in insurance premium revenue at Sony Life.

Operating income increased 216.0 percent compared with the previous fiscal year. Operating income within the Electronics segment increased 75.8 percent mainly as a result of an increase in sales and the positive impact from the depreciation of the yen against the euro. In the previous fiscal year, a 51.2 billion yen provision was recorded for charges related to recalls by certain notebook computer makers and the subsequent global replacement program by Sony and certain notebook computer makers involving battery packs containing Sony-manufactured battery cells. A portion of the provision totaling 15.7 billion yen was reversed in the fiscal year ended March 31, 2008 based on the actual results of recalls and replacements as compared to original estimates. In the Game segment, operating losses decreased by 107.8 billion yen to 124.5 billion yen primarily due to a decrease in the operating losses of the PS3 business as a result of successful PS3 hardware cost reductions and increased sales of PS3 software. In the Pictures segment, operating income increased 119.1 percent compared with the previous fiscal year primarily due to the strong performance of prior year films in the home entertainment and television markets as well as the benefit from the sale of a bankruptcy claim against KirchMedia, a former licensee of film and television product, while the prior year was negatively impacted by losses recognized on Sony's equity interest in Metro-Goldwyn-Mayer Inc. ("MGM"). As of March 31, 2007, Sony no longer had any book basis in MGM and, accordingly, no additional losses were recorded during the fiscal year ended March 31, 2008. In the Financial Services segment, operating income decreased 73.1 percent as compared to the previous fiscal year as a result of deterioration in net valuation gains from convertible bonds and an impairment loss on equity securities in the general account of Sony Life reflecting a significant decline in the Japanese stock market.

Operating income in the fiscal year ended March 31, 2008 included one-time gains primarily from a gain on the sale of a portion of the site of Sony's former headquarters of 60.7 billion yen which was recorded in "Corporate," a 15.6 billion yen gain which was recorded in the operating income of the Electronics segment relating to the sale of a portion of Sony's semiconductor operations in Nagasaki, Japan, including machinery and equipment, and a 10.0 billion yen gain on the sale of "The Sony Center am Potsdamer Platz" in Berlin which was recorded in the operating income of All Other. Operating income in the previous fiscal year included a gain on the sale of a portion of the site of Sony's former headquarters of 21.7 billion yen, of which 2.6 billion yen was recorded within All Other and the remaining amount was recorded in "Corporate."

Operating income in the fiscal year ended March 31, 2008 included a gain from the reversal of a portion of a legal provision as a result of the resolution of a legal matter, while a comparable gain was recorded in the previous fiscal year attributed to the reversal of a portion of patent-related provisions.

Restructuring

In the fiscal year ended March 31, 2008, Sony recorded restructuring charges of 47.3 billion yen, an increase from the 38.8 billion yen recorded in the previous fiscal year. The primary restructuring activities were in the Electronics segment. Of the total 47.3 billion yen incurred, Sony recorded 12.6 billion yen in personnel-related costs.

Restructuring charges in the Electronics segment amounted to 45.6 billion yen for the fiscal year ended March 31, 2008, compared with 37.4 billion yen in the previous fiscal year.

Sony made the decision to exit the LCD rear-projection television business in the fiscal year ended March 31, 2008 due to the shrinking market for these products. In association with this action, Sony recorded 19.7 billion yen of restructuring charges consisting mainly of inventory write downs. Of this amount, 11.9 billion yen was recorded in cost of sales and 6.7 billion yen was recorded in loss on sale, disposal or impairment of assets, net in the consolidated statements of income. This phase of the restructuring program was completed in the fiscal year ended March 31, 2008, and the remaining liability balance as of March 31, 2008 was 1.6 billion yen, which was paid during the fiscal year ended March 31, 2009.

In addition to the restructuring efforts described above, Sony has undergone several headcount reduction programs to further reduce operating costs within its Electronics segment. As a result of these programs, Sony recorded restructuring charges totaling 11.0 billion yen for the fiscal year ended March 31, 2008, and these charges were included in selling, general and administrative expenses in the consolidated statements of income. The remaining liability balance as of March 31, 2008 was 9.4 billion yen and was paid throughout the fiscal year ended March 31, 2009.

Operating Performance

	Fiscal Year Ended March 31		
	2007	**2008**	**Percent change**
	(Yen in billions)		
Sales and operating revenue	8,295.7	**8,871.4**	+6.9%
Equity in net income of affiliated companies	78.7	**100.8**	+28.2
Operating income	150.4	**475.3**	+216.0
Income before income taxes and minority interest	180.7	**567.1**	+213.9
Net income	126.3	**369.4**	+192.4

Sales

Sales for the fiscal year ended March 31, 2008 increased by 575.7 billion yen, or 6.9 percent, to 8,871.4 billion yen compared with the previous fiscal year. A further breakdown of sales figures is presented under "*Operating Performance by Business Segment*" below.

"Sales" in the analysis of the ratio of cost of sales, including research and development costs, and selling, general and administrative expenses to sales refers only to the "net sales" and "other operating revenue" portions of consolidated sales and operating revenue, and excludes financial service revenue. This is because financial service expenses are recorded separately from cost of sales and selling, general and administrative expenses. The calculations of all ratios below that pertain to business segments include intersegment transactions.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales for the fiscal year ended March 31, 2008 increased by 400.4 billion yen, or 6.8 percent, to 6,290.0 billion yen compared with the previous fiscal year, and decreased from 76.8 percent to 75.6 percent as a percentage of sales. The cost of sales ratio decreased from 78.8 percent to 77.9 percent in the Electronics segment, decreased from 102.8 percent to 93.9 percent in the Game segment, and decreased from 60.3 percent to 58.6 percent in the Pictures segment compared with the previous fiscal year.

In the Electronics segment, there was an improvement in the cost of sales ratio for several products, in particular PCs, compact digital cameras and video cameras. The cost of sales ratio in the Game segment improved primarily as a result of PS3 hardware cost reductions and increased sales of PS3 software. In the Pictures segment, the cost of sales ratio decreased compared to the previous fiscal year mainly due to the higher home entertainment and television revenues from prior year films.

Overall hardware sales increased as a result of a significant increase in sales of PS3, as well as an increase in sales of PSP® (PlayStation®Portable) ("PSP"), for which a new slimmer, lighter model was released. Sales of PS2 decreased compared to the previous fiscal year. Overall software sales increased as a result of an increase in PS3 software sales compared to the previous fiscal year.

Total worldwide unit sales of hardware and software for the fiscal year ended March 31, 2008 were as follows:

Worldwide hardware unit sales (increase/decrease year-on-year):*

→ PS2: 13.73 million units (a decrease of 0.98 million units)
→ PSP: 13.89 million units (an increase of 4.36 million units)
→ PS3: 9.24 million units (an increase of 5.63 million units)

Worldwide software unit sales (increase/decrease year-on-year):*/**

→ PS2: 154.0 million units (a decrease of 39.5 million units)
→ PSP: 55.5 million units (an increase of 0.8 million units)
→ PS3: 57.9 million units (an increase of 44.6 million units)

* For the fiscal year ended March 31, 2008, the method of reporting hardware and software unit sales has been changed from production shipments to recorded sales. In accordance with this change, the numbers for the fiscal year ended March 31, 2007 have been restated.

** Including those both from Sony and third parties under Sony licenses.

The operating loss decreased significantly compared with the previous fiscal year. Although there was a loss arising from the strategic pricing of PS3 hardware at points lower than its production cost, the operating losses of the PS3 business decreased as a result of successful hardware cost reductions and increased sales of software. The strong performance of the PSP business with the introduction of a new model also contributed to the decrease in the operating loss of the overall Game segment.

Due to these reasons, the cost of sales to sales ratio decreased 8.9 percentage points, from 102.8 percent in the previous fiscal year, to 93.9 percent. The ratio of selling, general and administrative expenses to sales decreased 4.2 percentage points from 20.0 percent in the previous fiscal year, to 15.8 percent mainly due to decreased advertising and marketing expenses.

Pictures

Sales for the fiscal year ended March 31, 2008 decreased by 108.3 billion yen, or 11.2 percent, to 857.9 billion yen compared to the previous fiscal year. Operating income increased by 31.8 billion yen, or 119.1 percent, to 58.5 billion yen and the operating margin increased from 2.8 percent to 6.8 percent. The results in the Pictures segment consist of the results of Sony Pictures Entertainment Inc. ("SPE"), a U.S.-based subsidiary.

On a U.S. dollar basis, sales for the fiscal year in the Pictures segment decreased approximately 9 percent and operating income increased by approximately 142 percent. Sales decreased primarily due to lower worldwide theatrical and home entertainment revenues as fewer films were released in the fiscal year ended March 31, 2008, as compared to the number of films released in the previous fiscal year. Major films released in the fiscal year ended March 31, 2008 that contributed to both theatrical and home entertainment revenues included *Spider-Man 3* and *Superbad*. Sales for the fiscal year ended March 31, 2008 release slate decreased approximately 1.2 billion U.S. dollars as compared to the previous fiscal year. The decrease in revenues from films released in the fiscal year ended March 31, 2008 was partially offset by an approximately 300 million U.S. dollar increase in home entertainment and television revenues from films of the previous fiscal year (i.e., films that had their initial U.S. theatrical release in the prior fiscal year). Total revenues for the Pictures segment also benefited from the sale of a bankruptcy claim against KirchMedia, a former licensee of film and television product. Television product revenues increased by approximately 29 million U.S. dollars primarily as a result of higher advertising and subscription sales from several international channels.

order to offer mortgage loans to individuals or to make bond investments, and establish a necessary level of liquidity for the smooth settlement of transactions.

SFH currently has an AA- rating from R&I for issuer ratings. Sony Life currently has ratings from four rating agencies: A+ from S&P for insurer financial strength rating, Aa3 from Moody's for insurance financial strength rating, AA from R&I for insurance claims paying ability and AA from the Japan Credit Rating Agency Ltd. for ability to pay insurance claims. Sony Bank obtained an A- rating from S&P for its long-term local/foreign currency issuer ratings, an A-2 rating from S&P for its short-term local/foreign currency issuer rating and an AA- rating from the Japan Credit Rating Agency Ltd. for long-term senior debt rating.

RESEARCH AND DEVELOPMENT

It is necessary for Sony to continue technological innovation in order to maintain group-wide growth. Sony believes that technology made possible by our research and development activities is key to the differentiation of products in existing businesses and the source of creating value in new businesses.

Research and development is focused in four key domains: a common development platform technology for home and mobile electronics, and semiconductor, device, and software technologies, which are essential for product differentiation and for creating value-added products.

Research and development costs for the fiscal year ended March 31, 2009 decreased 23.3 billion yen, or 4.5 percent, to 497.3 billion yen compared with the previous fiscal year. The ratio of research and development costs to sales (which excludes Financial Services segment revenue) increased from 6.3 percent to 6.9 percent. Expenses in the Electronics segment decreased 14.8 billion yen, or 3.4 percent, to 423.9 billion yen and expenses in the Game segment decreased 4.5 billion yen, or 5.8 percent, to 72.6 billion yen. In the Electronics segment, approximately 68 percent of expenses were for the development of new product prototypes while the remaining 32 percent were for the development of mid- to long-term new technologies in such areas as next generation displays, semiconductors, new materials and software. Consolidated research and development costs for the fiscal year ending March 31, 2010 are expected to decrease by 3.5 percent to 480 billion yen.

Research and development costs for the fiscal year ended March 31, 2008 decreased 23.4 billion yen, or 4.3 percent, to 520.6 billion yen compared with the previous fiscal year. The ratio of research and development costs to sales (which excludes Financial Services segment revenue) decreased from 7.1 percent to 6.3 percent. Expenses in the Electronics segment decreased 1.6 billion yen, or 0.4 percent, to 438.7 billion yen and expenses in the Game segment decreased 20.8 billion yen, or 21.2 percent, to 77.1 billion yen. In the Electronics segment, approximately 65 percent of expenses were for the development of new product prototypes while the remaining 35 percent were for the development of mid- to long-term new technologies in such areas as semiconductors, communications and displays. In the Game segment, research and development costs decreased mainly due to the decline in costs related to PS3.

Research and development costs for the fiscal year ended March 31, 2007 increased 12.1 billion yen, or 2.3 percent, to 543.9 billion yen compared with the previous fiscal year. The ratio of research and development costs to sales (which excludes Financial Services segment revenue) decreased from 7.8 percent to 7.1 percent. Expenses in the Electronics segment increased 22.2 billion yen, or 5.3 percent, to 440.4 billion yen, whereas expenses in the Game segment decreased 10.8 billion yen, or 9.9 percent, to 97.9 billion yen. In the Electronics segment, approximately 62 percent of expenses were for the development of new product prototypes while the remaining 38 percent were for the development of mid- to long-term new technologies in such areas as semiconductors, communications and displays. In the Game segment, research and development costs decreased mainly due to the completion of most of the research and development phase related to the PS3.

TREND INFORMATION

This section contains forward-looking statements about the possible future performance of Sony and should be read in light of the cautionary statement on that subject, which appears on the inside front cover page and applies to this entire document.

The following table illustrates the effect on the fiscal year ending March 31, 2010 of changes in the discount rate and the expected return on pension plan assets, while holding all other assumptions as of March 31, 2009 constant, for Japanese pension plans.

Change in Assumption	Pre-Tax PBO	Pension Costs	Equity (Net of Tax)
	(Yen in billions)		
25 basis point increase / decrease in discount rate	−/+27.2	−/+2.0	+/−1.2
25 basis point increase / decrease in expected long term rate of return on pension plan assets	—	−/+1.1	+/−0.7

Deferred tax asset valuation

Carrying amounts of deferred tax assets require a reduction by a valuation allowance if, based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically with appropriate consideration given to all positive and negative evidence related to the realization of the deferred tax assets. Management's judgments related to this assessment consider, among other matters, the nature, frequency and severity of current and cumulative losses on an individual tax jurisdiction basis, forecasts of future profitability after consideration of uncertain tax positions, excess of appreciated asset value over the tax basis of net assets, the duration of statutory carryforward periods, Sony's experience with operating loss carryforwards not expiring unused, as well as prudent and feasible tax planning strategies which would be employed by Sony, if necessary, to prevent net operating loss carryforwards from expiring unutilized.

As a result of losses incurred in recent years, Sony Computer Entertainment Inc. ("SCEI"), Sony Computer Entertainment America Inc. ("SCEA"), and Sony Computer Entertainment Europe Limited ("SCEE") are each in a three year cumulative pre-tax loss position at March 31, 2009. A cumulative loss position is considered significant negative evidence in assessing the realizability of a deferred tax asset. Sony has concluded that there is sufficient positive evidence to overcome this negative evidence principally through the use of tax planning strategies. The tax planning strategies include transactions among certain businesses with historically strong earnings and the loss businesses as well as the sales of certain assets that could realize the excess of appreciated value over the tax basis of those assets. Sony believes that the tax planning strategies coupled with future earnings forecasts of the historically profitable entities would produce sufficient taxable income in the legal entities in the future to fully realize the deferred tax assets at March 31, 2009 (principally in the U.S. and Japan), notwithstanding that some of the expected profitable businesses incurred losses in the fiscal year ended March 31, 2009 and are expected to incur losses in the fiscal year ending March 31, 2010, as a result of the dramatic changes in worldwide economic conditions, the strengthening of the yen, and restructuring actions undertaken by Sony. Accordingly, no valuation allowance at March 31, 2009 has been recorded.

Notwithstanding the above, the amount of the deferred tax asset considered realizable could be significantly reduced in the future if estimates of future taxable income from the tax planning strategies and forecasted earnings during the tax loss carryforward period are significantly lower than currently estimated due to further deterioration in economic conditions or Sony's failure to achieve its restructuring objectives.

The amount of the deferred tax assets considered realizable as it relates to SCEI, SCEA and SCEE take into account the uncertain tax positions related to the more likely than not adjustments for Sony's intercompany transfer pricing. Such transfer pricing is currently under review by the relevant governments as a result of a competent authority request and applications for Bilateral Advance Pricing Agreements ("APAs") filed in the U.S., the U.K. and Japan. Sony is required to estimate the final outcome of those government to government negotiations in recording its tax positions, including the allocation and amount of deferred tax assets among the various legal entities at March 31, 2009. It is possible that the advance pricing agreement negotiations could result in a different allocation of profits and losses than those estimated by management, and that such allocation could have an adverse